



THE

July, 1959

Auto loans

—page 1

For the blind

—page 9

# Credit Union

*Bridge*

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

## ON THE COVER

Nearly all the members and officers of this North Carolina credit union are blind. They show their independence in their work and in the way they run their credit union. Ralph Caskey is president. (See story, page 9)



# The Credit Union

*Bridge*

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## COMING SOON

**When a league examines credit unions**

**Estimating the credit union future**



Transportation is a problem for people who work in Washington. A two-car family is not necessarily wealthy.

*Buying, financing,  
operating and  
insuring automobiles  
are hazardous. Here's  
a credit union that's  
geared to help.*

# AUTO LOANS

**T**O make auto loans was something the officers of Washington Telephone Federal Credit Union wanted to do from the beginning, eleven years ago.

George Denham and W. W. Vreeland felt that one of their members' most urgent needs was for reasonable auto financing. As president and treasurer, they launched the credit union on the sea of auto financing as early as possible.

At the start, a special rate on auto loans— $\frac{3}{4}$  of 1 percent—was offered. Later, the board decided there was no good reason to give borrowers for cars a better rate than borrowers for medical bills, so they raised the rate to 1 percent.

The change made no difference to members. There were no protests.

There was no change in the number of loan applications. Today about one-quarter of Washington Telephone's loan volume is in loans for new and used cars.

One percent is not the lowest rate you can get on an auto loan in the District of Columbia. Telephone company employees are always considered a prime borrower group. So are federal government employees. In the District of Columbia, rates have been shaved to low levels by leading banks. It is not hard to get a 3 percent discount or add-on rate; and even when you consider fees and prepayment penalties, there are savings possible in borrowing from banks for new cars.

Hence the Washington Telephone Federal Credit Union does not urge

its members to finance their cars through the credit union. It simply says, "See us first." It looks over offers members are considering and points out the facts. If the member is getting a better deal from the bank, he is told so. Charges, fees, prepayment penalties, insurance charges are all considered. It is pointed out that if the member gets in trouble, he can come back to the credit union for re-financing; but it is also pointed out that this will not always lead to savings, due to prepayment penalties.

W. F. Geiger, manager of the credit union, a candid and progressive type, has developed counseling with his members to a high level. Ninety-five percent of all loan applicants come into the office, enter one of the quiet counseling rooms, and talk things over with one of the four counselors. Usually, there is nothing important to talk about, but the information on the member is brought up to date, and the personal contact is strengthened. Out of the credit union's 6,000 members, 4,000 are borrowers. At the same time, only 115 are inactive and have less than \$40 in their share accounts. The credit union is using \$400,000 of bank money at the present time to supplement its \$1,756,000 of share capital.

### Insight through talk

Sometimes, naturally, counseling turns up problems. Take the member who came in the other day for a \$95 loan. As her debts were listed, coming to about \$500, suddenly the member got insight. "A \$95 loan wouldn't help me," she discovered. Her debts were consolidated and she is rid of the harried feeling she had.

Geiger well remembers a member who came into his office ready to commit suicide. This man lay on the floor in Geiger's office and wept while he confessed his sins. He had been kiting checks for two years, and was now on the verge of exposure. He owed some \$2,000. Geiger found that he had been cashing checks at eighteen different places.

They climbed into Geiger's car and drove to all eighteen places. The member told his story eighteen times, sobbing with each recital, and Geiger explained that the credit union stood ready to help this man out of his trouble. All eighteen victims said they would go along. Today the member is in the clear and still a valued em-

ployee of the telephone company.

Buying an auto can be hazardous. Washington, D. C., has all kinds of dealers and all kinds of financing. Geiger urges members to shop around. "I took my own medicine a couple of years ago," he says. "I forced myself to shop seventeen different dealers. By the time I got through I was ready to throw up. But I learned a lot. It's not uncommon to find as much as \$400 difference through shopping."

But you can't expect members to shop like that. "We urge members to visit at least three dealers," Geiger says. "That's about all the average member will do. We give them the names of dealers who are currently giving good deals. This varies from year to year. A couple of years back, one Pontiac dealer was selling new cars at cost plus \$100. We sent a lot of people to him. But as soon as he established himself, he raised his mark-up."

Geiger has no commitments with any dealer. All he wants to do is steer his members wherever they will get their money's worth. Dealers apparently never understand this, and frequently offer the credit union a kick-back. The credit union of course turns them down. "They ask us what kind of deal we're interested in," Geiger grins. "They don't understand that a credit union is not looking for deals."

An auto loan is a character loan at Washington Telephone. "We don't

take chattel mortgages on cars when we can avoid it," Geiger says. "We believe in using character as much as we can. We prefer to make a loan to a man and wife on their signatures whenever possible. There's no getting away from it, if you take a chattel mortgage, the member will get the idea that he can turn over the car to you and discharge his obligation. He will never feel the same way about his character. Less than half our auto loans are secured by chattels."

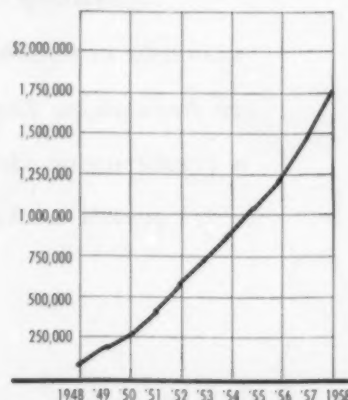
### Equity vs. character

By the same token, Washington Telephone does not worry about down payments and equities. "If character is your security, you don't think about what the car will bring on repossession," Geiger says. "We haven't repossessed more than three cars in eleven years. We're perfectly willing for the member to go along making payments that he can handle, turning in the car every so often on another car, and never building up much equity. When necessary, we've made several loans with no down payment." Similarly with terms. "We don't have any rules about maturities. We're here to help the member, and we will work out terms that meet his need."

The real problem in an auto loan is most likely to be the car itself. Not many members come in planning to buy a car that is way beyond their reach, but there are quite a few border line cases. "We almost never say no to anybody," Geiger says. "We

**AFTER ELEVEN  
YEARS, THE  
GROWTH SHOWS  
NO LEVELING**

### SHARES



The Credit Union Bridge



Outside the credit union's new building stand assistant treasurer O. J. Wood, manager W. F. Geiger, auto loan counselor Jean Stell, treasurer William W. Vreeland and president Robin E. Reed, Jr.



suggest alternatives. Most members are glad to get our advice. It's rare to find a member getting mad because we say we think he's making a mistake."

Geiger feels controlled hostility toward auto dealers. "When I was shopping last time," he recalls, "a salesman made an offer that I thought was reasonable and fair. I wasn't robbing him and he wasn't robbing me. So on Saturday morning I drove in to finish the deal, and the first thing he said was, 'I'm afraid we made a little mistake in our figures,' I walked out, and I'd never go

back to that guy again."

Geiger worries about the young women in the credit union. "These sharp operators will take unmerciful advantage of a girl who works for the telephone company and obviously knows nothing about cars. We urge these girls always to take a man with them—a brother, a cousin, a boy friend, regardless of whether he knows cars or not. Just standing there not saying a word, he will still give them some protection against a greedy salesman. The salesman will be a little more careful, a little less greedy."

There are three steps in making an

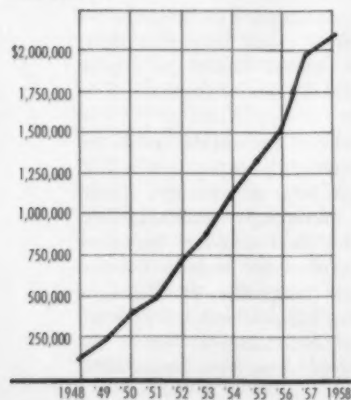
auto loan:

1. Considering the application.
2. Preparation of the chattel, if any, and recording the lien on the title.
3. Payment to the dealer.

In considering the application, the Washington Telephone group has a staff member analyze the application for the benefit of the credit committee. The credit committee meets during lunch hour each day, and sometimes has as many as forty or fifty applications to consider. Where there are questions or a consultation with the

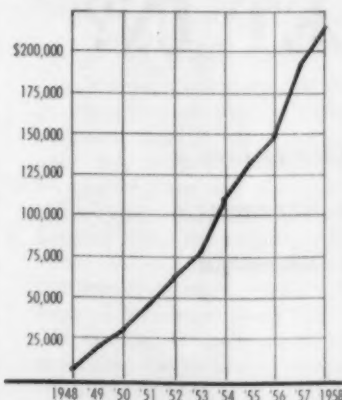
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## LOANS

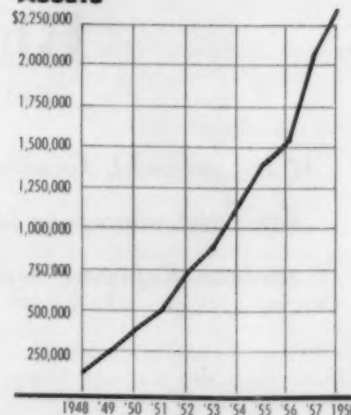


July, 1959

## INCOME



## ASSETS





Left: Two-thirds of new cars are financed. The proportion runs somewhat higher for used cars.

Right: Senator Estes Kefauver made his reputation as a crime investigator. Now he is focusing on consumer problems.

## SHOULD FORD AND CHRYSLER BE LET IN?

*At the moment, General Motors enjoys a  
legalized monopoly in auto financing.  
Senator Kefauver says he's interested.*

**G**OVERNMENT officials have moved with determination in recent weeks toward a decision on one of the most controversial situations hanging over the installment credit business: the demand for action to bar auto manufacturers from owning their own finance companies.

In Congress, the Senate anti-monopoly subcommittee is considering a plan to settle the dispute with a law forbidding auto manufacturers from engaging in the sale of credit and insurance. Meanwhile, at the Department of Justice, the anti-trust division has launched an investigation which might result in a new effort to force General Motors to dispose of General Motors Acceptance Corporation.

For the credit world the stakes are high. Automobile paper is the biggest single form of consumer credit, and an exceedingly profitable one. GMAC by itself accounts for more than a third of the business handled by finance companies. If GMAC is forced out, independents will flourish. If other manufacturers enter the field, independents face rough sledding.



However, the public's welfare isn't necessarily identical with the welfare of GMAC's competitors. Independent sales finance companies protest that manufacturer-owned credit agencies are in a position to exercise unfair competitive advantages. On the other hand, the record shows that GMAC offers consumers a better deal than any other sales finance company.

But the quarreling among the independent credit "merchants" has also brought out another fact: when a consumer deals with a sales finance company, he inevitably pays a big price for the money.

Since World War II, credit unions and banks have provided financing for millions of car buyers. From the discussions that have taken place before the Senate anti-monopoly subcommittee in recent weeks, the public can now have a clear picture of the savings that are to be had by dealing with banks and credit unions.

Tabulations worked out by the anti-monopoly subcommittee demonstrate that so-called 6 percent financing offered by sales finance firms actually amounts to 11.2 percent. Financing charges may run \$150 to

\$250 higher when a car is purchased through even the most reputable sales finance companies, and there may also be an inclination to buy more costly insurance protection than the purchaser would consider if he was buying insurance through his own agent.

On the current Washington scene, the controversy over sales finance activities of General Motors has been pressed by two unrelated groups: the manufacturers that compete with GM in the sale of cars, and the sales finance companies that compete with GMAC for installment sales contracts.

#### **GM stands alone**

As things stand now, GM is the only manufacturer offering credit and insurance through its dealers. The issue has reached a critical stage because of Ford and Chrysler.

Spokesmen for Ford and Chrysler have told the anti-monopoly subcommittee that GMAC gives GM dealers a competitive edge, which enables them to take sales away from non-GM dealers. At the same time, the independent sales finance companies which handle Ford and Chrysler busi-

ness contend that GMAC couldn't offer this "edge" if it had to compete on its own, without GM's name and power to help it.

Supposedly the dispute over manufacturer participation in installment credit and insurance sales was headed for settlement twenty years ago, when the Department of Justice filed anti-trust actions against house-controlled finance operations of all three top auto firms. Ford and Chrysler voluntarily divorced themselves of their financing tie-ins at the government's request. They were shocked when the anti-trust division agreed to a consent decree in 1952 which let General Motors retain its control of GMAC.

While Ford and Chrysler now profess to be unhappy about the possibility that they may have to re-enter the credit business, they have recorded themselves as strongly opposed to legislation which would put GM out of the installment business and bar other auto firms from entering it.

All three big manufacturers contended there are compelling reasons for their interest in consumer credit.

## WHO HOLDS AUTO LOAN CONTRACTS?

Banks	\$6.2 billion	42%
Other (Credit unions, etc.)	1.6 billion	11%
All sales finance co.s	6.8 billion	47%
GMAC	2.8 billion	19%
C.I.T.	.9 billion	6%
C.C.C.	.7 billion	5%
Associated Investment Co.	.65 billion	4%
Others	1.8 billion	13%

(6/30/58) Subsequent figures show further growth for banks.

Their sales depend on credit priced to please the customer. Ford and Chrysler say that in parts of the country where sales finance companies have relatively little competition from banks or other credit sources, their dealers have trouble finding credit competitive with the terms the buyer can get on a GM car through GMAC.

Recent statistics show that about two-thirds of the new cars sold each year are sold on credit. Over 13,000 banks now offer money for car purchases, and they have built this line of business to the point where banks have roughly 45 percent of the \$14.2 billion of auto installment paper. The sales finance companies have roughly an equal amount, while the remainder is held by various other credit sources, particularly credit unions.

From the records of the Senate anti-monopoly subcommittee, the public

can get a glimpse of the profits that are at stake for the sales finance companies. Between 1953 and 1957, GMAC profits ranged from a high of 32.6 percent on net worth (after taxes) to a low of 18.5 percent. In the same period, C.I.T., a leading independent, showed 17 percent for its poorest year, and C.C.C., another big independent, a low of 12 percent.

Summarizing the prospects, Theodore O. Yntema, Ford vice-president for finance, quoted an anonymous official of a major sales finance firm, who declared: "I have laid awake nights trying to figure out what is wrong with this business. I can't find anything wrong with it. It is a profit making business."

"I have made more money in this business than I ever dreamt I would make. Everybody who has been in it twenty years has made at least a million dollars and most of them a

lot more. It is a low-risk business and a high-return business."

In an analysis of the auto industry, the anti-monopoly subcommittee turned a spotlight on the industry's credit structure, to point up the fact that the "add-on" system of computing finance charges, which is used universally by sales finance companies, can represent a big factor in the price which a purchaser pays for a car.

The GMAC 6 percent plan, when introduced in 1935, represented an improvement and reduction in auto financing costs. Yet compared with 6 percent financing for a home, for example, auto installment credit is far more costly.

Under the auto industry's add-on method, interest on the original balance is computed for the entire period of the loan and added in advance to the balance. By contrast the home buyer pays interest only on the declining balance.

### "6 percent" misleads

On a \$2,100 6-percent 36-month auto loan, the subcommittee figured interest computed on the auto industry method averages \$4.94 per month more than interest at 6 percent on a similar home mortgage loan for the same period. In three years, the car buyer, supposedly paying 6 percent pays \$177.84 more to borrow \$2,100 than he would pay for the same sum at 6 percent on a home.

"Stated another way," the anti-monopoly subcommittee said, "the actual interest rate comparable to the '6 percent add-on finance charge'

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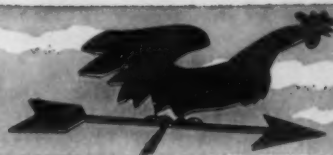
% Profit on net worth after taxes

	GMAC	CCC	CIT	Assoc.	Allied Fin. (Dallas)	Am. Discount Co.	Gen. Finance Corp.	S. SW Invest Co.
1953	32.6	17.8	20.2	21.3	12.0	19.0	16.8	15.5
1954	22.2	16.4	19.7	21.8	11.1	18.6	17.3	15.5
1955	21.2	14.9	18.3	23.3	12.0	18.0	20.7	14.4
1956	19.8	13.9	17.4	20.5	18.1	14.3	17.3	13.5
1957	18.5	13.3	17.0	19.3	23.1	13.3	18.3	14.6
1958		12.4		14.9	16.9	11.9	18.0	12.3
	Interstate Finance Corp. of Iowa							
1953	12.7							
1954	11.5							
1955	14.8							
1956	13.6							
1957	16.9							
1958	14.3							

Figures provided to Senate anti-monopoly committee from published reports. (Compiled by Ford Motor Co.)



## in the NEWS



**Consumer credit began rising** fast in March and boomed in April, according to the Federal Reserve reports. Credit unions' loans increased \$39,000,000 in March, compared to \$6,000,000 the year before, and \$54,000,000 in April, compared with \$42,000,000 for April 1958. Total consumer installment credit rose in the two months to \$34,453,000,000, with banks, sales finance companies and credit unions showing the greatest gains (in that order).

A memorial fund has been established in memory of **Sidney Stahl**, who died May 22. As managing director of the New York State Credit Union League, Stahl had served longer than any other managing director in the credit union movement. He took part in the meeting at Estes Park, Colorado, in 1934, when the Credit Union National Association was organized, and played a prominent part in national affairs as well as in his own league during all the subsequent years up to his death, despite the fact that his health was not good during the last two years. The memorial fund is being administered by the New York League, which is located at 204 Fifth Avenue, New York 10.

**New car sales** are breaking records in Canada. Registrations for the first quarter of 1959 went up 21 percent over the year before. Recent studies show more financing is being done by credit unions and banks, less through sales finance companies.

**New commercial credit plans**, and the resulting social problems, are stirring a lot of interest in the credit union movement. The Utah League held an institute June 13 on the subject of "Trends in Consumer Credit." The Illinois League held an "Institute on Fair Credit" in Chicago May 30. Meanwhile, retailers are adopting a new kind of revolving credit called the option credit plan, on which consumers are charged 1½ percent per month; New Yorkers are reported to be finding bank revolving check credit cheaper for groups of small purchases than paying fees for numerous small checks; and the state of Alabama is launching a drive on loan sharks.

**The Bureau of Federal Credit Unions** reports that there are now 9,030 federal-chartered credit unions, with over \$2 billion in assets, an increase of 14 percent over 1957. Membership, however, increased only 6.4 percent, and there was a net loss in membership due to plant closings in a few areas.

Installment payments are now taking about 12½ percent of **disposable income** among

families in the U.S., according to current reports. The figure is about the same as in 1955.

**William Reid**, New York credit union leader, once a president of CUNA and still on the CUNA Mutual board, was appointed by Governor Rockefeller of New York to serve on the advisory board of the new Office of Local Government. **Bert Levin**, CUNA director of economics and research, has been appointed to the U. S. Chamber of Commerce's finance committee.

**Hearings on amendments** to the federal credit union act took place on three days, May 11 to 13, before a House of Representatives banking subcommittee headed by Representative Wright Patman (Dem., Texas). The group of credit union leaders who presented arguments for the amendments supported by CUNA got a friendly reception. J. Deane Gannon, director of the Bureau of Federal Credit Unions, spoke for the Department of Health, Education and Welfare; reservations he expressed about some of the amendments were felt by CUNA representatives to be reasonable and moderate. Amendment most likely to run into trouble is the one on central credit unions.

**The American Bankers Association** failed to put in an appearance at the hearings on the federal act amendments. A cautious statement was submitted by the ABA for the record, which approved of credit unions in principle but suggested they should not be permitted to expand beyond their original purposes.

A New Jersey jury has ruled that **co-makers are not liable** for a note which they signed in blank. The three co-makers involved, members of the Rockrite Federal Credit Union, said they thought they were backing up a friend on a \$1,500 loan, found later that he really owed a previous loan of \$2,400 and was committing them for \$3,900 altogether.

**John V. Gallagher** has been appointed managing director of the Arizona Credit Union League. **Angel Espinosa** has been named managing director of the Puerto Rico League, replacing Neftali Adames, who has gone into private business. **E. G. "Frenchy" Doublet** has resigned as managing director of the Hawaii Credit Union League and accepted a position with the California League. **William B. Tenney** has been appointed director of research in the new CUNA Mutual research and development department.

In a brief disagreement between the **Louisiana Credit Union League** and an affiliated credit

union, the Post Office Employees Credit Union of New Orleans, harmony has been restored. The credit union took independent action in urging the legislature to pass a law requiring proxy voting in credit union annual meetings. The League objected strenuously and threatened to expel the credit union. Now the credit union has dropped its proposal, and the expulsion threat has been withdrawn.

The total number of credit unions in the United States and Canada increased by approximately 1200 in 1958, according to the Credit Union Yearbook just released by the CUNA public relations department. Total membership increased over a million, and assets rose about \$800,000,000. Percentage-wise, the increases were: savings—27 percent; loans—18.7 percent; number of credit unions—5 percent; membership—9 percent.

The National Council of Churches has just published a booklet called "A New Look at Cooperatives and Mutual Businesses," which includes a chapter on credit unions. George Romney, president of American Motors, says in a letter to CUNA, "It is our opinion that the credit unions serving our employees have been of genuine assistance to them. We will continue to give support to them." "Credit unions will be playing an even more important role in our economy of the future," writes economist Thomas J. Hallstones of Xavier University, Cincinnati, in his newspaper column.

Schools, clinics and management conferences coming up: the Iowa League schedules a management conference October 26-31. The fifth annual Institute for Credit Union Personnel held at Pennsylvania State University comes up August 16-21. A conference for editors of league publications will be held December 3-4, sponsored by the CUNA public relations department and The Bridge.

The racket observed in recent years of small loan companies hitting borrowers of small amounts with high charges for life insurance and health and accident insurance is whacked at by a new small loans law in Montana, which provides that borrowers cannot be required to pay for any kind of insurance in connection with loans under \$300. The law becomes effective July 1.

New books on the credit union movement were authorized by the national board with a budget of up to \$10,000. Emphasis will be on bringing the history of the movement and of CUNA up to date.

CUNA meeting in the fall instead of May will be the subject of polls to CUNA directors and to leagues during the year.

In 1963 the CUNA board will meet in New York City. Louisville, Kentucky, had been scheduled to host this meeting but withdrew its arrangements. New York City and Baltimore bid for the 1963 meeting, and New York won in a balloting of CUNA directors. The directors also awarded the 1969 meeting to Detroit, Michigan.

CUNA Mutual's policyowner representatives program is now participated in by 49 of the 66 leagues affiliated with CUNA. Cost of the program in 1958 was \$73,847. The program brings league representatives to Madison to study the society, then sends them back to inform chapter representatives who in turn meet with individual credit unions.

Temporary disability coverage as a rider to CUNA Mutual's loan protection policy was approved at the Society's May board meeting. Terms and benefits will be announced to individual credit unions as soon as approval for the rider is obtained from state and provincial insurance departments.

Total coverage by CUNA Mutual at the end of February was \$4,273,956,637. Included in the 61,644 contracts were 27,368 to credit union members, approximately 19,000 loan protection and 15,000 life savings.

Ground was broken on May 2 for CUNA Mutual's new three-story, \$1-million office building on the west side of Madison, Wisconsin.

23rd largest life insurance company in North America was the new ranking reported in May for CUNA Mutual. A year ago it was 24th largest among more than 15,000 companies in terms of total insurance in force. The Society's \$4 billion-plus coverage is written for 92.5 percent of all credit unions affiliated with CUNA.

Ten credit unions, seven in the Dutch West Indies island of Curacao and three in Nevada, were voted into CUNA membership in May. Credit unions where there are no leagues may hold membership in CUNA directly.

One hundred percent bond coverage for all credit unions is being sought by CUNA through supervisory authorities. Voted by the national board on recommendation of the legal and legislative committee, the plan is to ask supervisory agencies to require credit unions to carry blanket bond coverage on a maximum asset basis.

A fourth filmstrip in CUNA's series will be produced this year featuring a credit union education committee and its responsibilities. Already in print are filmstrips on boards of directors, credit committees and supervisory committees.

John Fletcher, shown here inspecting brooms, is a member of the credit committee.



## FOR THE BLIND

*Most of the members and officers of this group are sightless, but they stand on their own feet with some help from the credit union.*

**I**N some credit unions, the little man under the umbrella carries a white cane.

These are members of the nine credit unions organized to serve blind persons. Many of these credit unions have a scattering of sighted persons as members. The blind, who see in the credit union an increasing way to show their independence and mobility, hold most of the offices and staff most of the committees. Book-keeping usually is turned over to a sighted member.

One such credit union is the NCFB (North Carolina Federation of the

Blind) Credit Union in Greensboro, North Carolina. Its bounds are state-wide, with membership open to any person, sighted or blind, who belongs to the North Carolina Federation of the Blind. The Federation and its local chapters also are eligible for membership. Of the 200 persons who have joined the Federation since its organization in 1955, about 160 have also joined the credit union. Joint promotion programs have been run successfully by the Federation and credit union, and they will be continued.

Forty-six states have similar state-

wide federations of the blind. Their combined membership of 40,000 makes up the National Federation of the Blind.

Membership in these state and national federations is taking hold slowly, though. Of the 350,000 blind persons in the United States, less than 40,000 belong to the national Federation. Some discount must be made from the Federation's rolls to allow for the sighted members. And in North Carolina, the 200 members of the Federation come from a blind population of about 8000.

NCFB Credit Union President



Ralph Caskey says that credit unions are sure to succeed among blind persons because bank credit has never been available to the blind. This isn't something that he can prove in national statistics, only something that he knows from personal experience and from personal hearing. "Banks, and people in general, think blindness is synonymous with helplessness," he said. But he added that finance companies have never hesitated to lend money to the blind.

One state officer in North Carolina estimated that only one blind person in four would pay his debts. This is refuted by Allen Hamilton, former president of NCFB, who says, "If this were true, our credit union would have been bankrupt from the first." Actually NCFB has had no loan charge-offs out of some \$40,000 loaned since organization.

Money supply in NCFB fluctuates widely. Once, when cash was on hand, the credit union loaned \$1300 for a new car. Another time the credit union was ready to borrow money from League Central Credit Union.

As of March 31, 1959, the credit union had personal loans of \$14,760, cash of \$1330 and investments with Home Federal Savings and Loan Association of \$1151 out of total assets of \$17,874. The 166 members with shares of \$15,991 included 65 borrowers.

Interest on all loans is computed

by the 6 percent discount method. Until 1957 the discount method was the only one allowed by North Carolina law. Now credit unions have an option between discount and a monthly charge on outstanding balance, but NCFB has not seen fit to change systems.

Signature loan limit is \$200, and that's about the size of the average loan. Maximum is that set by law, 10 percent of assets. Comakers are the primary security given on loans. The credit committee, which meets every Friday night at Allen Hamilton's home (his wife, Marjorie, is a member and is sighted) tries to interview every person making first application for a loan. On out-of-town members "we usually know the person or know somebody who knows him," says credit committeeman John Fletcher.

#### Time runs short

Fletcher, 31, and Ed Craddock, 42, barely have time to go home from their jobs before going to meetings. Fletcher is a broom inspector at the Industries for the Blind plant, where 59 blind persons turn out brooms, mops, dish towels, floor mats and other small home items. Craddock is a masseur at the YMCA, where for most of his working life he has recommended at least one three dollar rub per week but never more than two a week.

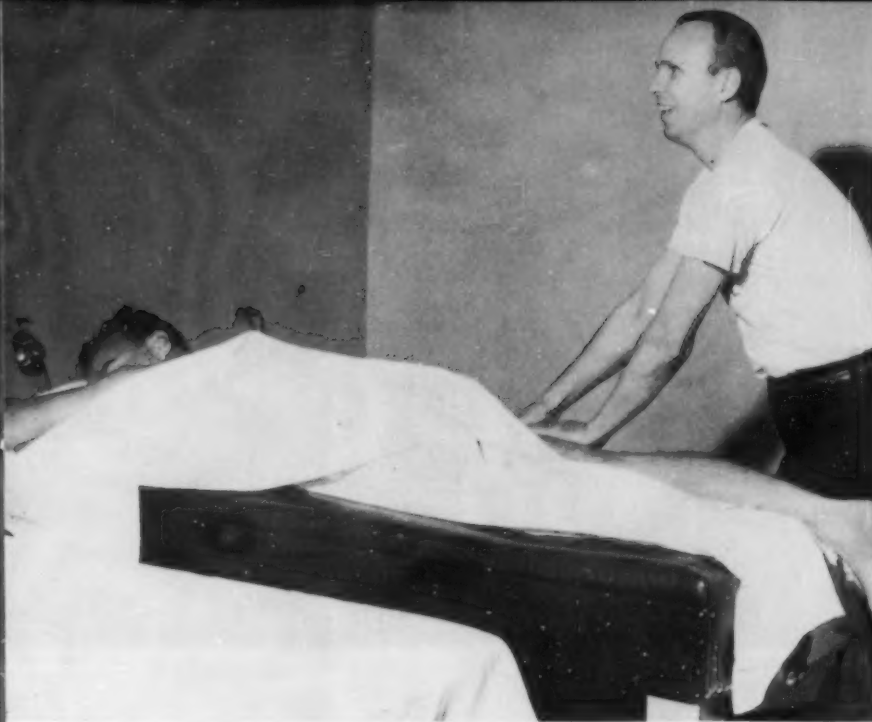
Always at the credit committee meetings is Mrs. Beatrice Evans, a grandmother who looks young enough to be just starting her own family. Her interest in blind people goes back about twenty-two years, when her husband-to-be roomed with Bill Capps, now vice president of NCFB Credit Union, and with Capps' mother. "I learned then that I like the way a blind person reasons out things," Mrs. Evans says. "They see things differently."

Mrs. Evans figures she was elected treasurer because she has a car, she can drive her car, she can see and she has bookkeeping experience. Craddock, interviewed some hours earlier than Mrs. Evans, offered a classic comment. "She is sighted so far as we know," he said. "At least I've been riding when she was driving."

After the meetings, Mrs. Evans drives Craddock and Fletcher home.

Last year the credit committee approved 97 loans totaling \$22,730.40. Purpose of loans included: paying bills, 27; Christmas, 9; home improvements and medical and hospital bills, 7 each; cars and appliances, 6 each; business investments, clothes and vacations, 5 each; taxes and furniture, 3 each; National Federation of the Blind convention expense and moving, 2 each; study, luggage, lawn mower, filling freezer, fuel, glasses, hospital insurance,





Far left: Tuning a piano is the former president of the credit union, Allen Hamilton.

Center: Mrs. Beatrice Evans, a member of the board, is among the few officers with vision.

Right: Ed Craddock, masseur, is a member of the credit committee.

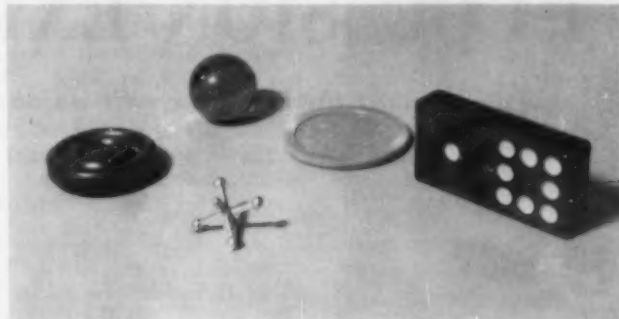
school supplies, funeral expenses and marriage, 1 each.

The credit committee has tried its hand at counseling, and has taken over paychecks at the request of some members to pay multiple creditors. Emergency loan applications are handled by phone.

Because he is on the credit committee and has been "thrilled at what some of our loans can do," John Fletcher is a super-salesman for the credit union. Sighted enough to make his way speedily up and down the halls of the Industries for the Blind, he has enlisted twenty members out of his 59 fellow workers. He also is largely responsible for payroll deduction being granted to the credit union by the Industries for the Blind. Each month the credit union receives a check for about \$600. "We stress savings in the plant, even if it's just fifty cents a month. Most of these people never saved money before. We have one person, I won't tell you who, who saves \$12 a month."

Whereas the credit committee is concentrated in Greensboro for speedy service, the supervisory committee is spread wider. Two members, Mrs. Helen Collins and Alton Hamilton, both are blind and live in Charlotte. The third member, Mrs. Linda Caskey, wife of the president, lives in Greensboro. She is sighted and was the treasurer from chartering

(Continued on page 22)



## How they vote at the annual meeting

Although the sightless members of this credit union cannot see to use ordinary ballots, they manage their elections ingeniously.

As he enters, each member is handed five objects to be used in balloting—a domino, a jackstone, a checker, a poker chip and a marble.

When candidates are nominated, each is assigned a token, and the tokens are dropped into a cloth bag by the voters.

It's a manageable adaptation of the Democratic donkey and the Republican elephant.



## RECESSION EXPERIENCE

*taught these seven credit unions a few lessons,  
but the impact was not severe.*

**S**HUTDOWNS, retooling, layoffs, strikes—these recession experiences hit credit unions in the Quad Cities Area in different degrees. Some had real problems and are still working to improve the delinquency picture. Others hardly knew the recession existed. Just as the recession hit different parts of the country in different ways, so even in this localized industrial cluster, the effects were widely various.

The Quad Cities Area includes Davenport, Iowa, and Moline, East Moline and Rock Island, Illinois. Its bread and butter comes from a group of factories in the valley of the Mississippi, most of which are connected in some way with the rich farming counties in these two typical middle-western states.

Credit unions in the Quad Cities serve employees of farm machinery manufacturers, packing houses, steel and aluminum mills and other groups. To find out what the effects of the recession were in this area, The

Bridge called on seven credit unions, three in Iowa and four in Illinois. They all had different stories to tell, but certain generalizations became clear:

- Credit unions recognize two different types of unemployment—in shutdowns and strikes. They generally offer more liberal service during shutdowns.

- As expected, short-term unemployment brings a decrease in borrowing and an increase in savings. Longer-term unemployment naturally causes borrowing or savings withdrawals.

- Rumors of strikes or shutdowns have the same effects as the actual events—that is, increase in savings, decrease in borrowing.

- Men laid off by shutdowns have some trouble getting other jobs, even when work is available, because it is assumed that they will be called back to their original jobs.

- Most credit unions require that loans continue to accumulate interest

during unemployment; collections, however, are not pushed as hard as usual.

- Annual plant shutdowns for vacations are common, and credit unions make no changes in policies for these.

- Bankruptcies among credit union members rise during unemployment.

- Unemployment, regardless of reason, almost always creates collection problems, and delinquencies can run for years before full collections.

Backing up these generalizations, these are statements from the seven credit union treasurers:

**Eagle Employees Credit Union, Moline;** Lawrence Daley, treasurer. What treasurer Daley calls a semi-depression started at Eagle Signal Corporation, makers of industrial timers, counters and traffic lights, in December 1956 when the work force was cut from 625 employees to 550. In April, employment was cut further to 515, about where it stands today.



clockwise:

Clement Leefe, treasurer-secretary, John Deere Malleable Employees Credit Union.

Lawrence Daley, treasurer, Eagle Employees Credit Union.

Grover Miller, treasurer, Oscar Mayer Employees Credit Union.

Henry G. Brandt, treasurer-manager, Case Rock Island Employees Credit Union.

Robert A. Kratt, treasurer-manager, Farmall Employees Credit Union.

Mrs. Martha Bright, treasurer, Alcoa Employees Credit Union.

Bob Sternberg, assistant treasurer, Mississippi Valley Chapter Credit Union.

Before the layoffs started, the credit union served 65 percent of its potential membership; after the layoffs the figure dropped to 58 percent. Of the 110 people laid off, 80 were credit union members.

A good many of the 80 had loans outstanding when the cutbacks were announced. There were no applications for additional loans, but the credit union did turn down additional share savings offered by two members no longer working with Eagle. Six of the 80 people laid off were near retirement age and they were not recalled. Their shares totaled \$3229.

Total charge-offs on loans to the unemployed were \$1200, which, Daley said, almost depleted the guaranty fund. Contact was lost with some of these members, and a couple took bankruptcy.

At December 31, 1956, time of the first layoff, this was the credit union's financial picture: assets \$84,000; shares \$76,000; loans \$72,000; members 406; borrowers 223.

The biggest change during January 1957 was in loans outstanding, down nearly \$10,000. Also during this month there were \$9467 in share withdrawals, which Daley described as typical year-end and Christmas withdrawals. Loans granted during the month totaled \$3600. At month's end these were the figures: assets \$81,500; shares \$74,000; loans \$66,500; members 403; borrowers 213.

At the end of April 1957, follow-

ing the second layoff in Eagle's industrial department, the layoffs were showing up in reduced numbers of members and borrowers. These were the figures: assets \$81,000; shares \$74,000; loans \$65,000; members 384; borrowers 186.

Now, two years later, with employment staying about the same, the credit union finds itself with a money surplus while members and borrowers both have decreased. These are the April 1959 figures: assets \$113,000; shares \$107,500; loans \$76,600; members 349; borrowers 157.

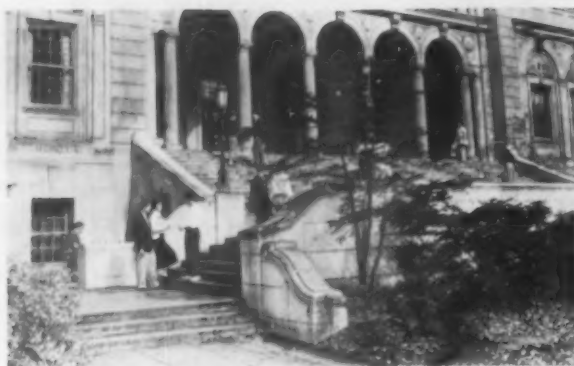
**Alcoa Employees Credit Union, Davenport;** Mrs. Martha Bright, treasurer. Full employment in this plant is about 2,000. A layoff, starting in December 1957 and carrying into January 1958, involved about 300 people including 100 credit union members. Calls back to work started in May 1958, but one year later the plant had not returned to full production.

For the credit union, 1958-59 (April to April) was a better year than 1957-58, because of considerable overtime. At the end of April 1959, loans outstanding totaled almost \$1000 more than shares. As the credit union grew it made more large loans, including automobile loans, and it has kept small notes payable accounts to avoid waiting lists for loans.

April-end figures for the last three

(Continued on page 28)





There's surprisingly little delinquency reported on loans made for college studies. The chart at right shows the experience of 36 credit unions.

# LOANS FOR COLLEGE EDUCATION

*have worked out very well for the  
credit unions that make them, this survey shows.*

**A**RE credit unions making loans to parents for their children's college education?

To get the answer to this question, The Credit Union Bridge recently sent questionnaires to 170 credit unions serving educational groups. One hundred and fourteen groups responded. Of these, 78 said they had made no loans to parents for their children's college training or were unable to identify loans of this type. The remaining 36 had made college loans: 31 to parents only; 1 to parents and students; and 4 to students only.

Here are the survey questions together with the answers of 36 experienced groups:

• **For how many years have you made these loans?** The length of lending experience varies from 6 months to 25 years. Most groups report less than 6 years' experience with college loans. But 5 credit unions have made these loans for 10 years each. And 10 of the groups have a joint experience of 114 years.

• **How many such loans did you make during 1958?** The num-

ber of loans varies from zero to 518. Only 12 credit unions made more than 5 college loans during this period. But the joint total of these 12 groups is 927 loans.

• **What is your interest rate for these loans?** Most of the groups charge 1 percent per month on the unpaid balance. Some charge  $\frac{3}{4}$  percent. In several cases the monthly rate is  $\frac{2}{3}$  percent, .8 percent and .9 percent. A few groups use graduated interest rates varying from 1 percent on loans under \$200 and  $\frac{3}{4}$  percent on amounts over \$200; or 1 percent on the first \$1,000 and  $\frac{1}{2}$  percent on amounts in excess of \$1,000. (This is required by law in Illinois.) One credit union charges 6 percent per annum.

• **What is the average amount of these loans?** Average college loan amounts in the 36 credit unions vary from \$150 to \$2,000. Twenty-three of the groups report that their average loans are for \$500 or less.

• **What is the maximum amount which you have lent to parents for this purpose?** Maxi-

mum loan amounts (including loans made to students directly) vary from \$200 to \$3,600. In 15 credit unions the maximum is \$1,000 or more. And 10 groups report maximums between \$1,500 and \$3,600.

• **What is your repayment experience with these loans?** Most of the participating groups have very favorable repayment experiences. Their comments range from "satisfactory" to "excellent." The group with the largest number of college loans says repayments are "fair to good." And only a single credit union reports a high delinquency ratio. Writes the treasurer of this group: "We make our tuition loans to students (with parents as co-signers in some cases). Delinquencies have run quite high although they are generally brought up-to-date during the summer employment season."

But the unfavorable experience of this treasurer seems to be exceptional. Much more typical is the comment of the manager of the group which last year made 257 college loans for \$91,600.53 directly to students with



Credit Union	Years of Experience with College Loans	Number of College Loans in 1958 (or amount)	Interest Rate	Average Loan Amount \$	Maximum Loan Amount \$	Repayment Experience	Remarks
Manhattan College, New York	6	\$11,000	1% p. mo. on unpaid bal.	1,800	2,000	prompt	not one delinquent
Hampton Institute, Virginia	1	3	1% p. mo. on unpaid bal.	933	1,200	excellent	not a single paymt. missed
American Museum, New York	10	15	3% of 1%	1,000	1,500	good	
U. of I., Urbana, Illinois	25	25	1% on 1st \$1,000. 1/2% over \$1,000	500	1,000	same as other loans	
U. of Mich., Ann Arbor, Michigan	4 plus	under 15	1%	430 or less		good	
T. C., Cedar Falls, Iowa	3		1% p. mo.				no special arrangements
Sooemi Coll., Hancock, Michigan		5	1% p. mo. on unpaid bal.	200		very good	we lend directly to students
Roosevelt University, Chicago	2	1	1% up to 1st \$1,000, 1/2% over \$1,000	2,000	2,300	repayment as contracted	
A P L, Silver Spring, Maryland		many	3/4 of 1% of balance				make many education loans
U. of C., Boulder, Colorado		10	.8% p. mo. on unpaid bal.	200	500	most favorable	
Publ. Lib., Chicago, Illinois	10	2	1% p. mo. on unpaid bal.	500	1,000	excellent	
Ind. U., Bloomington, Indiana	3	24	1% p. mo. on unpaid bal.	500	1,000	excellent	we also lend to student wives
Orins, Oak Ridge, Tennessee	2	1	3/4 of 1%	1,500	2,500	excellent	
Cornell, Ithaca, New York		30	1%	245	1,000	satisfactory	includes direct loans to students
Mich. Tech., Houghton, Michigan	7	1	3/4% over \$200, 1% on loans under \$200	294	1,000	good	
Harvard, Cambridge, Mass.	10	12	4 1/2% if secured. 6% unsecured	400		good	usually have 1 year limit
Girard, Philadelphia, Pennsylvania	2	2	.8% per mo.	800		excellent	
Publ. Lib., Cleveland, Ohio	15	5	1% per month	445	900	good	
CO-LIB, St. Louis, Missouri	3	5	1%	300	400	good	never have any trouble
Howard, Washington, D.C.	10 or more	3	1% per month	1,000	1,000	very good	
U. of Utah, Salt Lake, Utah	2 1/2		6%	200		good	
Campus, Wichita, Kansas	1	518	1% p. mo. on unpaid bal.	150	300	fair to good	loan period: '58-59 acad. year
U. of Miami, Coral Gables, Florida	10	3	12%	500	1,500	excellent	
Holmes County, Florida	1/2	0	1% per month	250	300	prompt	
L.A.S.L., Los Alamos, N. Mexico	1	10	3/4 of 1%	2,000	3,000	excellent	we set up line of credit
El Camino College, California	9	2	same as other loans	500	1,500	excellent	
College, Manhattan, Kansas	5 or 6	2	.8% per month	350	400	satisfactory	
Iowa State College, Ames, Iowa	3 or 4	2	1% per month	500	775	good	
Medical, Galveston, Texas		6 or 7					haven't promoted tuition loans
Aquinas, Grand Rapids, Michigan	5	(\$91,600) 257	1% p. mo. on unpaid bal.	310	1,000	very good	we lend directly to students
Utah State, Logan, Utah	1	2	1% p. mo. on unpaid bal.	200	300	on schedule	
Texas Southern, Texas	8	3	1% p. mo. on unpaid bal.	300	700	no doubtful loans	
ITC, Ft. Wayne, Indiana	1	1	1% p. mo. on unpaid bal.	200	200		
Publ. Lib., Louisville, Kentucky							we lend directly to students
Publ. Lib., Detroit, Michigan		1	1% p. mo. on unpaid bal.	173		favorable	
Benedictine, Tulsa, Oklahoma						high delinquency ratio	we lend to students

a "very good" repayment experience. Remarks this manager: "We allow a student under twenty-one years a signature loan of \$200 in order to pay tuition of \$175 a semester plus books. If more is needed, then the parent must co-sign. A student over twenty-one may borrow \$400 on signature. With tuition being increased, we will raise signature loan limit to compensate. We try to arrange terms so loan is paid by beginning of next semester. This is not always possible. But we try."

Here are some of the comments of credit unions *not* making loans to parents for sending their children through college:

• **New groups.** "We are a very new credit union and are still struggling to learn and grow."

"We have not gone into this type of loan as yet. We are making loans for buying appliances and also on real estate."

"Our credit union is too new to get into the loan 'business' that you mention."

"We may develop in this direction."

"We would—but have had no requests."

"We are not large enough."

• **Experienced groups with other lending programs.** "We have occasionally made small loans for educational expenses. But they are not different from other regular loans. We have not and do not expect to make large, long-term loans for general college expenses."

"We haven't made any of this kind of loan specifically although a few of our \$400 signature loans were made for this purpose. The interest rate on these loans is 1 percent per month on the unpaid balance. Our repayment experience has been satisfactory on such loans."

"We make loans to staff for a variety of purposes but not specifically to send their children to college. However, some may use the small amount for this purpose."

"We have only three credit union members who have children in college. We make loans to these members, but not for the expressed purpose of helping them send their children through college."

• **No applicants.** The most frequent comment is a lack of requests for loans to parents for their children's college education. After stating (Continued on page 21)

## FROM THE MANAGING

### DIRECTOR:



#### A Legislative Program Takes Work

**M**ORE work than most people seem to think. Anyone who has read "Crusade" by Bergengren will have an idea of the amount of work it took to pass the first credit union legislation in Congress and in many of the states. It took an enormous amount of work on the parts of many people, too. Getting amendments to state and provincial and federal laws is no easier today.

#### We Must Stand Together

Unless the credit unions under any given legislative body stand together, there is little chance of some of them getting legislation passed. When decisions have been reached as to what legislation is to be sought, it is legislative suicide for some of the credit union leadership to withhold support. Listen to what the President of the U. S. Savings and Loan League told the meeting of the Mutual Savings Banks just a few weeks ago, in pressing the point that they must all be unified as to their stand on tax legislation:

"All Washington observers agree that the terrible lack of unity among the life insurance companies did them a great deal of harm."

"I am told that 40 different witnesses—all purporting to represent the insurance business, and with 40 different opinions—came before the tax writing committees and expressed their views."

It is a point well taken!

#### Our Enemies Show Up Here

Beware the legislator who says he is all for us and wants to give us the kind of legislation we need—but that he knows more about the kind of legislation we need than we do ourselves. Count him

as under the influence of the enemies of the credit union movement—our friends in legislative halls take it for granted that we know best what we want and what we need.

It is still unpopular to openly oppose credit unions, but interests that want to oppose us and which are afraid to do so openly do get to their legislators and get them to change or oppose legislation the credit union movement needs—in local legislatures and in national legislatures!

#### Let's Use Voting Records

The Minnesota League just published the list of those legislators who voted in favor of a League sponsored bill—and a list of those legislators who voted against it. It's time we asked our legislators to stand by their votes—in public in view of the credit union members.

#### Legislation Is Not Easy

Many Leagues have had legislative reverses the last few years. There is much undercover opposition to the credit union movement's getting the laws it needs. We've got to gird ourselves for the battle if we're to win. We've all got to go to work. It will take letters and visits from a lot of credit union members from every corner of every area to get the right legislation—and in many instances to keep adverse legislation from being passed against us.

The people of the movement have never mobilized for legislative purposes because to now it didn't seem necessary. Legislative reverses and difficulties in the last couple of years may awaken a sleeping giant!

H. Vance Austin



Top left: Sidney Stahl, managing director of the New York State Credit Union League, died last month after serving longer as a league chief than any man in the credit union movement.

Left center: The 13,000th federal charter was granted to employees of the city of Memphis. Mayor Orgill (center) rejoices in company with federal examiner George McNamara (left) and league representative J. Eason Bouldin.

Lower left: Phil Davis, 1958 International Brothers Keeper (right foreground), meets with credit unionists in Barbados on his recent Caribbean trip.

Right: Jimmy and Laura Diggins enjoy a trip to Hawaii, thanks to his winning the California public speaking contest. He's treasurer of the San Francisco Police Credit Union.





## THEY STILL REMEMBER

*They got their  
charter fifty years  
ago, with the  
assistance of the great  
Canadian pioneer,  
and his help  
is still appreciated.*

OUR community owes much to Alphonse Desjardins," says white-thatched Francois Champoux, 87, who is now serving his fiftieth year on the board of directors of la Caisse Populaire Ste. Marie, Manchester, New Hampshire. "Desjardins organized our credit union. He taught us how to save."

St. Mary's Bank, as it is called in English, was the first legally-chartered credit union in the United States. It was organized in November, 1908, by the pioneering French Canadian, Alphonse Desjardins, and chartered in April, 1909, by a special act of the New Hampshire legislature.

Today, it is no longer a credit union. It dropped its common bond structure in 1925 and became a bank of a hybrid type, including features of the savings bank and the industrial bank plus checking accounts. But it still has a strong service-to-the-people philosophy. Its old-timers still have dim memories of Desjardins.

• "I remember him quite well," says 82-year-old Odilon F. Dubois, a director of St. Mary's since 1910. "In fact, my memory is clearer about things that happened long ago than about more recent events."

"Desjardins was of medium height. He was a fluent talker, full of pep, a very informal person. He came to Manchester at the invitation of Monsignor Pierre Hevey, who had heard about Desjardins' credit union work in the province of Quebec. The credit union which Desjardins established in our parish immediately began to serve both children and grown-ups."

"Alphonse Desjardins maintained his interest in St. Mary's until his death in 1920. He visited our credit union several times during the second decade of the century. By that time he was an old man. But he impressed me as an extremely intelligent man."

Dubois was St. Mary's vice-president for several years during the 1910's. Later he served on the supervisory committee. Today he is a director and a member of the credit committee. He makes it a point of honor never to miss the weekly credit committee sessions. Says one of his relatives: "St. Mary's is his principal interest today. In fact, it is his life."

"I am one of the many thousands who benefited from Alphonse Desjardins' gift to Manchester," says J. Leo Dery, 55-year-old newspaper reporter and treasurer of Manchester's





Far left: Francois Champoux is 87 and has served on the board continuously since 1908.

Left center: Odilon F. Dubois, 82, joined the board in 1910. He remembers Desjardins quite well.

Right: The building occupied by the old caisse populaire was completed in 1930.

Top right: Treasurer Raoul E. Hebert joined the organization in 1938.

Center: A sign in the foyer honors Desjardins as the founder.

Bottom: The sign on the back wall shows the diverse services this former credit union has developed. Today, it's hard to classify.

# DESJARDINS

Union Leader Employees Credit Union since 1957.

Dery became a member of St. Mary's while attending grade school at Manchester's Hevey School during the 1910's. Recalls he: "Mr. Albert Roy, the clerk of St. Mary's, collected savings from the school children each Tuesday and Friday. He went from classroom to classroom and made his collection at the teacher's desk. He accepted all amounts. None was too small. When I left grammar school I had saved \$200. That was a lot of money during those times. And I was only able to save it because St. Mary's offered such a convenient way for putting it aside."

## Charter was specific

Here are some interesting aspects of St. Mary's original charter:

The original name was St. Mary's Cooperative Credit Association. Its purpose was to "open credits and make loans to its shareholders" at an interest rate not to exceed 6 per cent. Membership was limited to persons who were residents of the city of Manchester.

The charter set the share value of St. Mary's "capital stock" at "not

less than \$5 each" and fixed the corporation's capital stock at a minimum of \$1,000 and a maximum of \$100,000, stating that "no shareholder shall own more than one-sixth of the capital stock or more than \$500 par value of same."

Each of St. Mary's shareholders was entitled to one vote, regardless of the number of shares held by him. Proxy voting was prohibited.

A board of directors of not less than five, a supervisory committee of three and a credit committee of three were to be elected by the membership at the annual meeting.

In the event that the supervisory committee should not approve the declaration of a dividend proposed by the directors, the question was to be referred to a membership meeting especially called for this purpose.

Both credit and supervisory committee members were prohibited from borrowing from their association either directly or indirectly. Nor were they to become co-signers for any member. And the original statute also specifies that board and committee members "shall not receive any pay for their services as directors or as members of said committees."



**LA CAISSE POPULAIRE STE-MARIE**  
**ST. MARY'S BANK**  
A PROGRESSIVE INSTITUTION

SAVINGS ACCOUNTS • CHECKING ACCOUNTS  
MORTGAGE LOANS • PERSONAL LOANS

SAFE DEPOSIT BOXES  
TRAVELLERS CASHIERS • MONEY ORDERS

We invite you  
TO PAY YOUR  
TELEPHONE BILLS  
—HERE—

*Foreign* EXCHANGE DRAFTS  
CANADIAN CURRENCY

STRENGTH • COURTESY • SERVICE  
**BANQUE FRANCO-AMERICAINE**  
ENCOURAGEONS NOS INSTITUTIONS

## ***Loans without interest*** **were made to Michigan state employees when payday broke down**

**B**Y 9 a.m. on Thursday, May 7, lines were long outside the doors of State Employees Credit Union in the capital city of Lansing, Michigan. These people and the 2700 that followed them into the office in the next two days wanted to borrow money—money to take the place of paychecks that the state didn't issue that day.

Michigan's 28,000 state employees faced an empty pocketbook payday while their Democratic Governor, G. Mennen Williams, and a Republican-controlled legislature deadlocked over a solution to a money shortage. Williams favored an income tax and the legislature wanted to raise the state sales tax. Both sides flung charges about the lockup of special state funds which could have easily met the payroll.

The surge on State Employees Credit Union was short. By late Friday it was over. The \$3 million credit union, less than seven years old, had loaned out \$300,000. Money was in the hands of 2700 members, 600 of them new members who had joined the credit union when they found out that they could borrow money *interest-free* to see them through the payless payday.

The credit union's staff of nine employees crowded up to every counter, desk and table space to handle the demand. Officers and directors pitched in volunteer help. Service was swift because the credit union had devised a special application-note form including an authorization for the state paymaster to forward the individual's check directly to the credit union if and when it was paid.

Payday actually came a week late, on May 14. The regular bi-weekly payday schedule returned on May 21. By late May, though, it was still touch-and-go whether the state would meet all its paydays until the fiscal year ended on June 30.

As he reached the front of the line, the member had to answer just

one question: How much do you need? In pre-payday publicity, the credit union asked members to apply for no more than the net amount of their missing paychecks. Most borrowed even less.

The \$300,000 that the credit union had available to lend was there somewhat by accident. Only a month before the board had voted to make the \$300,000 in a bank checking account available for real estate loans. Before that could be put into motion, Governor G. Mennen Williams called together representatives of banks, savings and loan associations, finance companies and credit unions to see what could be done for state employees if they were forced to miss a payday. State Employees Credit Union decided on the interest-free loans as its best service.

Treasurer-Manager Lyle Blakely helped the secretary of state work out a special "statement of earnings" form which state employees could present in lieu of a paycheck "until such time as the necessary funds are available in the treasury of the State of Michigan." The certificate made it easier for state employees to make loans based on the absent checks.

State Employees Credit Union and practically all of the other fourteen credit unions serving state employees granted the interest free loans.

### **Correction**

The new officers of the National Association of Managing Directors elected in May were incorrectly reported in the June Bridge.

The correct list follows:

President: Richard A. Monruffet,  
British Columbia

1st Vice President: A. W. Jordan,  
Iowa

2nd Vice President: Wayne Bornemeier, Nebraska

Secretary: Paul Mullins, Texas

Treasurer: S. J. Domenick, Maryland

At Blakely's request, the Michigan Credit Union League arranged for other credit unions to lend his credit union one-half million dollars if loan demand should exceed the \$300,000 available or if the payless paydays should continue. The Lansing credit union did not need these outside loans, but similar loans were arranged by the league for other state employee credit unions.

One surprising and gratifying effect that Blakely noticed on his credit union from May 7 to May 14 was the number of new members who came in with sizeable deposits, many over \$1000 and a few over \$2000. Blakely said, "These were people who said they had been intending to join but just hadn't done so. To everybody who joined just to get a paycheck loan, we said that the only rules were the 25-cent membership fee and the first \$5 share. If they couldn't put up the \$5 share, we agreed to deduct it from the paycheck when it was received. We also told them that they could get their \$5 back if they wished to discontinue credit union membership after the emergency. Less than a dozen have come in and asked for their \$5 back."

Because of the 600 memberships gained in two days, including the several sizeable accounts, deposit business for those two days was double normal payday loads. Granting of regular loans was not curtailed but requests fell to about half of normal. Payments on existing loans were credited to May 7 although the payroll deduction checks covering these payments were not received by the credit union until May 14.

Although credit unions were the first to announce and to provide interest-free loans to victims of the payless payday, at least seven banks in Michigan offered the same service later. Blakely said there was even one new finance company getting in on the act. The manager called Blakely and said "If you should run out of money, you might tell your people that we will make them the same interest-free loans."

Unheralded casualties of the two-day emergency were members of State Employees Credit Union credit committee. They were required to be on the job constantly, signing and finally merely initialing the 2700 loan requests. Blakely said, "You never saw more severe cases of writers' cramps."

# What about it?



## Payroll Deduction

About eighteen months ago we switched from a cash basis to payroll deduction. The changeover did not affect our members' savings to any noticeable extent. If anything, savings increased and became more regular. And our delinquency ratio dropped to practically nothing.

But our annual meeting attendance this year was barely half of what it used to be. And our board is beginning to feel that our growth is not continuing at its normal rate. We have about 60 percent of our potential membership in the plant. Somehow we seem to have fallen into a rut. Yet we would like to continue to grow. And we know that there are a good many fellow workers in our field of membership who are paying excessive rates for small loans to tide them over emergencies.

ANSWER:

A change to payroll deduction frequently requires substantial adjustments in the promotional program. Since the membership has fewer direct contacts with the credit union, it may be necessary to develop new and more meaningful types of membership education.

Here are some of the devices which may help toward further membership growth: (1) *Monthly newsletter*. This is one of the most effective publicity tools. It doesn't have to be expensive. But it should be brief, chatty and informative. It's a good idea to make the newsletter available to the entire field of membership. (2) *Booster club*. Many credit unions report excellent results with a team of volunteer boosters who spread credit union information throughout the employee group. Usually there is at least one booster for each department and work shift. (3) *Bulletin boards*. Attractive posters, monthly statements and other informational items can be inexpensively displayed on bulletin boards throughout the plant. They call attention to the credit union, encourage talk on the subject of saving and borrowing and frequently lead to a better and wider use of credit union

services. For maximum effectiveness, bulletin board displays should be changed frequently. (4) *Direct mail*. Sending letters into the members' homes is a time-tested method of member education. They offer a wonderful opportunity to share the latest local information, report current progress and enclose attractive leaflets. CUNA Supply Cooperative has produced a series of inexpensive, colorful pieces of literature tailored to every credit union's needs. One credit union recently enclosed a loan application form with a publicity mailing. The members must have read their mail. Loan requests for more than \$100,000 poured in within three weeks. (5) *Leaflet depositories*. Placing leaflets and other credit union literature throughout the plant has boosted the activity of many an industrial credit union. Some prefer to distribute pamphlets and other educational items during break and lunch periods while the members are idle and eager to read.

## Largest leagues

Which state or province has the largest number of credit unions?

ANSWER:

CUNA's Department of Research, Economics and Statistics reports that

these are the nine states and provinces with more than 1,000 credit unions: Illinois (1,635); California (1,601); Quebec (1,387); Ontario (1,385); Pennsylvania (1,136); Michigan (1,131); Ohio (1,123); Texas (1,122); and New York (1,105).

## Vote recording

Does a credit union member during the annual membership meeting have the right to request that his vote on a given motion be recorded in the minutes?

ANSWER:

Yes. If a member requests that his vote be recorded in the minutes, the chairman may say, "If there is no objection, we will record the vote of -----." If there is an objection, the question of recording the member's vote is put to a vote. A simple majority is required for carrying.

The same procedure also applies in a credit union board of directors meeting if an officer or director requests that his vote be recorded.

## Job ads

What's the charge for placing a job wanted advertisement in *The Bridge*?

Answer:

There isn't any charge to credit unions or credit union members for such ads.

## COLLEGE LOANS

(Continued from page 16)

ing that they have not had applications for this type of loan, the treasurers write:

"I feel that such loans would be made if the member would meet the regular security requirements established by the credit committee."

"We would look favorably on such requests."

"Lack of such loans does not imply a policy to deny such loans."

"If approached, we would of course do this."

• **Growing interest.** Several groups expressed interest in college loans as an additional field of service.

"We are considering the institution of such loans at the present time. But there is a divided opinion as to the desirability, maximum amount, interest rate, etc."

"We would be very much interested in the results of this survey. We feel that credit unions can be very helpful in this area. The local banks have put out promotional material for a plan of this nature. But as yet I have



not seen the details."

"I remember reading an article in *The Bridge* some time ago about a credit union which had a rather complicated plan for college loans to parents and would be interested in reading how it or other plans have made out."

**Conclusion.** Many credit unions are making college loans. Some have a specific program geared to meet this type of need. But most do not. They

handle educational applications like all other loan requests.

Most groups prefer to make these loans to the parents. But some make them exclusively to students. And a few make them to both parents and students.

Repayment experience reports are uniformly good—both for loans to parents and to students. They strongly endorse college loans as a field of credit union service.

## FOR THE BLIND

(Continued from page 11)

until December 1958. For this she got \$95 the first year, \$250 the second.

The credit union pays expenses of the two members from Charlotte to come to Greensboro every three months to run their required audit. Early last year the committee went to their state examiner asking for suggestions to speed their work. He had commented in his examination report that some of the supervisory activities seemed cumbersome. Following his suggestion, they streamlined their work during 1958.

Passbook audit slips were mailed to 146 members; 90 were returned, all agreeing with the treasurer's records. At the supervisory committee's suggestion, the board in October 1958 acted on a bylaw which allowed it to establish a maximum number of shares to be held by a member. Maximum was set at \$2000. At the end of the year a few members received their 4 percent dividends in cash because payment to shares would have exceeded the limit. The credit union insures shares up to \$2000 through CUNA Mutual.

In addition to the three board members already named—Mrs. Evans, Ralph Caskey and Bill Capps—directors are Kenneth Wible and Mrs. Lois Sills, all of Greensboro. Mrs. Sills, like Caskey and Capps, is blind. Wible, fully sighted, is an investment salesman who had known credit committeeman Ed Craddock through the YMCA and had known Ralph and Linda Caskey through music.

Wible says he has no crusading spirit in causes for the blind, but he is interested in the state and national federations which are crusading or

ganizations. "Blind people need the support of group work, that is the support that they give themselves through participation in the Federation and the credit union." Of his membership on the board, Wible says, "I try not to take too much part. They don't lean on me, and they would resent my being too active." The big feeling of inadequacy that Wible notices among his blind friends is the inability of some to write their names. He says, "Can you imagine how it must feel not to be able to write your own name?"

Around Wible is built a good bit of hope for expansion of the Federation and the credit union. President Caskey has appointed Wible chairman of an education committee along with Craddock and former president Allen Hamilton. An idea Wible has is to feature Mr. and Mrs. Caskey on a local television daytime program. Greensboro has two competitive television stations anxious to put on public service programs.

Wible is one sighted person and school principal H. D. Lambeth, member of the credit union's first board, is another who have driven their cars many miles without remuneration trying to further the Federation and the credit union. Two years ago some joint travel between Federation and credit union officers resulted in Federation chapters in Durham, Asheville, Greensboro and Hickey. Membership dues in the Federation are \$1 per year. Chapters charge as much as 50 cents per month membership dues.

Always on these trips Mrs. Caskey would go prepared with credit union membership applications, loan application forms and share receipts. These out-of-town meetings are set up through local members and are advertised informally. The sessions

include some promotional time for the credit union, but they are built mainly around the Federation's efforts such as getting copies of minutes from the North Carolina State Commission for the Blind and seeking an advisory committee of blind persons to work with the state commission.

## Publicity channel

Through the Federation the credit union has a publicity outlet in a quarterly magazine, "*The Independent Forum*." The Forum receives and prints nearly all credit union reports, including financial statements, and carries excerpts from most reports to the annual meeting.

The annual meeting is a big one. The 1959 meeting held in January lasted four hours, followed by dinner. Turnout was about 70 members. Greensboro's central location puts it only 200 miles from the credit union's most distant members in Asheville. Members live in 20 different communities.

President Caskey says, "The reason we have a good annual meeting is that it is the one time of year when the member has a say. We try to make it as attractive as possible. We go into great detail in our reports. In my report I tried to summarize the board's action for the entire year. We didn't try to print any reports. Eventually we may print something for the sighted which could be read to the blind. But I know how amazingly hard it is to get something read right or read well."

The blind credit union's attention to details impresses B. L. Webster, North Carolina League managing director, who helped organize the credit union and who attended the annual meeting in 1958. He says, "They are a whole lot more attentive to details and take greater pains than the sighted. I think one reason why they are so careful is they had trouble getting their charter and they are determined to make good."

The interest of North Carolina blind people in credit unions goes back to 1955, when a blind attorney from Oklahoma City, Durward K. McDaniel, attended the organizational meeting of the North Carolina Federation of the Blind. McDaniel had helped organize a credit union for the blind in Oklahoma in 1953. He called it one of the best means for



welding together the new federation.

No immediate action followed, but in 1956 McDaniel returned to the North Carolina Federation meeting, and he invited along Latch Webster who told the credit union story in greater detail. This time the germ budded. The convention appointed a study committee, which immediately read the bylaws. Then a committee member, Ed Craddock, met privately with Webster to clarify the committee's questions, and Webster later met with the committee.

On December 1, 1956, in the teeth of a public transportation strike which almost paralyzed travel by the blind, the Federation called a special meeting in Greensboro to organize a credit union. Under North Carolina law, the organization and charter filing are handled in one meeting. About thirty persons turned out. Webster presided, and a show-of-hands vote was used to elect first officers. Among those first officers were three college graduates. Webster estimated that the charter would be granted in a week or ten days.

Instead of a charter, the next thing received, sent to Webster, was a letter from W. V. Didawick, state supervisor of credit unions. In it he listed five reasons why he thought the charter should not be granted, but he did not say that he would not grant the charter. Webster realized that there was also the alternative of applying for a federal charter, but the Federation group had already spent some \$50 on supplies which would not be transferable. In a letter to his league president outlining the difficulty, Webster said he would pay that amount himself rather than see the people lose their money if the charter were not granted.

### Changing his mind

Mrs. Linda Caskey, the forceful, sighted first elected treasurer, wrote to Didawick asking him to meet with the charter applicants in Greensboro in mid-January. They believed that his initial letter had been influenced by other groups interested in the blind, and they hoped to change his decision.

When Didawick arrived at the Caskey home that night, "We could tell that he had his mind made up," says Ralph Caskey. "He said he didn't want us to get in something which would fail. We knew that he was a member of the Lions Club which is

interested in the blind and we asked him if he, as a Lion, would not be proud to see us succeed with a credit union. We won him over in an hour, and he had coffee with us before he left. We got our charter on January 25, 1957."

Allen Hamilton, elected first president, said he asked Didawick if he was granting the charter without reservations. "He said he was, and his cooperation has been fine ever since."

### Location problems

In lining up the credit union, both McDaniel in Oklahoma and Webster in North Carolina recognized a potential problem on loan applications. McDaniel wrote that his Oklahoma group, organized in 1953, held its main office in Oklahoma City but appointed a credit advisor in Tulsa. Webster replied that he had considered recommending a sub-committee in each area where membership warranted, with this committee also serving as an area educational committee, but he agreed that McDaniel's plan was more practical. Actually the credit committee has never used either plan but has relied first on personal acquaintance and second on informal personal recommendation. Occasionally credit bureau checks are used.

One thing holding the membership reasonably close is irregular but original and effective direct mail. The first piece, an invitation to membership, went out on December 12, 1956, before the charter was granted. Following that have been postcard reminders with strings to be tied around fingers and a wake-up mimeographed letter saying "Don't Throw This Away—Read It!—It's About You!!" Also there was a letter especially to jostle 25-cent members into action. In March 1958 there was a general information letter based on pamphlets bought from CUNA. In July 1958 the credit union invited members to donate to a building fund for the North Carolina Credit Union League using a "buck-a-brick" proposal.

Use of CUNA material is a problem in this blind credit union because most of the material naturally depends on pictures and drawings for its effect and these pictures are hard to put into words even for the experienced person who reads to the blind.

NCFB Credit Union, at CUNA's request, has recommended four publications for translation into braille. These are What Is a Credit Union?, It's Your Share Account and two publications from CUNA Mutual promoting life savings and loan protection insurance. CUNA's request was directed to all credit unions serving the blind, and the compiled recommendations will be given to the Braille Institute of America, Inc., in California for printing.

Another problem involving printed matter is rising mail costs. NCFB Credit Union, being statewide, survives through mail service, and has used self-addressed envelopes steadily. Stamped return cards are used for passbook verifications. Being small, it does not qualify for bulk mailing rates.

### Finding transportation

Public transportation affects the blind constantly. Credit committee-man Ed Craddock, for example, has to leave home at 9:45 a.m. to be on the job at 11 a.m., though the bus ride is only ten or fifteen minutes. There is no other bus that will deliver him on time. The blind say that as more people use their own cars, public transportation decreases. This is a universal worry for the blind.

Income to blind people is, as most suspect, lower than that to sighted. But even equal income would not be a final answer. Allen Hamilton says, "It costs me money to be blind. For example, you can walk from here to the bus station in five minutes. Depending on traffic, it will take me much longer, so I have to leave my job earlier. Or, if I'm in a hurry, I have to call a cab and pay fifty cents. And even when I'm working I may be losing money. There was one piano-tuning job that I was called to outside Greensboro. I had to hire a driver and a truck and go down and get the piano. I spent one full day on that job. By the time I finished paying my driver and paying for the truck, I lost between \$6 and \$8. That's how much it cost me to be blind that day. I would have been money ahead if I had stayed at home."

Too many blind people have been taught to sit back and wait for things to be brought to them, says president Ralph Caskey. This is why he sees the credit union with its action pro-

gram as a promoter of independence for the blind.

NCFB Credit Union gets specific inspiration from the story of Friedrich Wilhelm Raiffeisen, father of the credit union movement in Germany in the 19th century and a victim of eye illnesses from age twenty-four. In later years he was almost totally blind. As officers of NCFB have learned of the movement, they have paid particular attention to Raiffeisen's belief in the humanitarian worth of credit unions. They know, better than any sighted persons, of the continuing need for this approach one hundred years later.

## FORD, CHRYSLER

(Continued from page 6)

for a 36-month prepayment period is approximately 11.2 percent per year."

In addition to interest, the finance companies also profit from the sale of insurance. One of their disputes with GMAC is over the embarrassment suffered by the independents who get full rate for an insurance package which amounts to as much as \$1 per hundred, and includes costly extras like disability insurance, whereas GMAC offers a stripped down package for about 35 cents per hundred.

To illustrate the big saving that is possible if the consumer goes to a bank or other conventional source for financing, the Senate anti-monopoly subcommittee prepared computations involving a \$2,084.10 unpaid balance for 30 months on a 1958 Chevrolet (then a new car).

Total finance charge paid to the bank at 3½ percent discount was \$196.96, compared with \$339.99 in financing charges to a 6 percent sales finance plan and \$396.66 to a 7 percent company. The purchaser also saved \$20 on insurance which he obtained at \$162.80 through his own agent, compared with \$182.50 through GMAC.

Finance companies contend they need this kind of return in order to "command the confidence" of investors—insurance companies, pension funds, foundations, educational institutions and individuals.

In his testimony before the Senate anti-monopoly subcommittee, Walter Lundell, chairman of the board of Universal C.I.T., pictured his firm as a "reservoir of credit—the custodian

of certain people's money that we in turn advance to others. To command this money we must merit the continued confidence of our creditors. We must not only demonstrate ability and know-how in general, but we must also consistently operate with a satisfactory level of earnings."

Lundell assured the anti-monopoly committee, "The competitive market sets the price for our product in the non-General Motors area. We operate in competition with the other major finance companies, hundreds of smaller companies, thousands of banks, etc. Our problem and responsibility is to meet this competitive price and operate our business at levels of expense that will return an adequate profit and justify the continued confidence of the money market."

He bristled at the suggestion that the Universal C.I.T. insurance plan represents "fluff" which car buyers do not want. "We regard this better form of insurance as valuable protection for our customers and as a valuable selling tool for C.I.T." he told the committee.

C.I.T.'s insurance package compares with the choice people make when they decide to have radios, power steering, power brakes, tinted glass and other extras on a new car, Mr. Lundell argued. "There is no evidence or logic to support the conclusion that they are being hoodwinked about buying the option of this insurance any more than about the various power options or whatever is added to the basic car purchase at extra cost."

## Close up GMAC?

One of the reasons the anti-monopoly subcommittee is considering legislation barring auto firms from the credit and insurance business is that some lawyers feel this is the only way to get the job done. Thurman Arnold, who headed the anti-trust division in the 1930s, says the 1952 consent decree might give GMAC immunity from further anti-trust prosecution. He is also skeptical about whether Ford and Chrysler could afford to tie-up enough money to operate effectively in the installment credit field, and he has suggested that their real motive in protesting at this time is to get a better deal from the independents.

Entry of banks and credit unions into the auto finance field admittedly

has transformed competitive relationships considerably from what they were in the mid-1930s, when trustbusters worked up a strong case for curbing the installment sales activities of the Big Three.

At the time the auto firms originally became interested in credit problems, dealers were having trouble finding ways for customers to finance their purchases. Banks were not interested, and independent sales finance arrangements were complicated and spotty so far as nationwide coverage was concerned.

In the 1930s, when the original anti-trust cases were drafted, manufacturers were said to be coercing their dealers and forcing them to deal with "house" credit firms, on "house" terms. But even then, banks were beginning to solicit auto business, and the profits of the pioneers were attracting scores of new independents to the field. Since the war the percentage of car sales financed by lenders other than finance companies has continued to mount rapidly, so that it now amounts to nearly half the volume.

## Small town troubles

Despite the variety of attractive financing now available to car buyers, Ford and Chrysler witnesses before the anti-monopoly subcommittee insisted it might still be wise for them to backtrack, and re-enter the installment field. According to F. W. Murch, Chrysler's vice-president for finance, bank credit is still hard to come by in many non-metropolitan areas. "Distributing in the major metropolitan areas is not enough," the Chrysler witness complained. "The health and growth of the manufacturer's business requires an effective national distribution system. It is in the manufacturer's interest, therefore, to assure comparable credit and comparable terms, to all its dealers and to all its dealer's customers."

His statement underlines the fact that the finance companies and the consumer aren't the only ones with a stake in this controversy. Another far from disinterested spectator is the auto dealer.

Although relatively few car buyers realize it, the dealer sells not only cars but also financing. As a seller, he has to keep the price of the car within the reach of the customer. At the same time, he is inclined to recommend the credit arrangement which enables him to emerge with

the best profit—in terms of profit on the car and his commission from the sale of credit and insurance.

The irritating thing about GMAC, from the standpoint of independent finance firms and GM's competitors, is that GMAC shades its rates below the independents, giving GM dealers an advantage of \$50 to \$60 which can be shaved from the price of the car in order to "save" a deal—or pocketed as extra earnings if circumstances permit.

Needless to say, this extra room to "wheel and deal" makes GM dealers extra-tough competition, and raises howls in the Ford and Chrysler dealer camps.

In defense of the service they provide for Ford, Chrysler and others, the independents contend that the GM-GMAC combination is impossible to beat. With GM's name behind it, GMAC gets money on better terms than other sales finance companies, they say, and with GM personnel in a position to help, GMAC has the inside track so far as the bulk of the GM car sales are concerned.

### Capital goes far

While GMAC must pay the going rate for funds that it borrows in the market, GMAC working funds go further. Its ratio of debt to equity is as high as 15 to 1, compared with 7 to 1 for its three largest competitors. This means GMAC is able to lend \$15 for each dollar of collateral it puts up, while competitors have less than \$7 of lending power for an equal amount of collateral.

With this advantage in operating cost, GMAC regularly shaves its rate for wholesale financing of shipments to dealers by a half percent below the independents. Having handled the financing of the wholesale shipment, it is in a stronger position to obtain the more profitable retail sales contract.

Beyond this natural advantage, however, the independents insist GMAC gets advantages which can't be credited entirely to efficiency or management.

As a member of the GM family, they believe it gets "administrative" assistance, beginning at the wholesaling level. "Despite the fact that we have a net worth of \$280 million, with an A-1 credit rating which has never been questioned," one big independent told the anti-monopoly sub-

committee, "our commitment to General Motors is not acceptable to them, nor is a surety bond acceptable.

"With General Motors only, we are required to obtain a letter from some bank, guaranteeing that drafts on us will be honored through that bank. We must go hat in hand, if necessary, and get a bank to guarantee us to General Motors. Most banks have a net worth that is only a fraction of ours, with financial strength much less than ours. You can be sure that GMAC does not have to perform in that way for its parent."

GM's answer to all this is that GMAC carefully avoids the use of coercive power. To support its point,

## AUTO LOANS

(Continued from page 3)

applicant is needed, this is handled by the counselors. O. J. Wood, who supervises the counseling operations, has just added one more man to his staff, in addition to the two experienced women already handling interviews. All automobile papers and records are handled by one employee, avoiding errors.

Although most of this credit union's loans are secured by signatures, chattels do have to be prepared. To avoid the problem of filing chattels, Washington Telephone uses the chattel lien non-filing insurance. Otherwise, the credit union would be filing in half a dozen different courthouses in the District and the neighboring counties of Virginia and Maryland.

But despite the fact that he does not file chattels, Geiger warns that the lien should be entered on the car title. "It isn't fair to the member to subject him to the temptation," he says. One member, on whose title no mention of the lien appeared, did go to a bank and get a second loan on his car—a foolish as well as dishonest thing to do, since it quickly came to the credit union's attention.

As an additional precaution, Washington Telephone has a carefully worded letter for use in transmitting a check to a dealer, which says:

"Gentlemen:

"We are enclosing our check #----- in the amount of \$-----, as payment in full for a 19----- automobile.

it points out that well over 50 percent of the cars sold by GM dealers are financed by sources other than GMAC.

GM points out that GMAC gives buyers the best terms of any sales finance company on both credit and insurance, often selling well below the limit permitted by state law. "GMAC has been a leader in establishing sound installment credit policies and practices," GM declared. "It has had a stabilizing influence on the industry which has been apparent over the years in many areas."

It's a tangled situation, in which the consumer tends to get lost in the shuffle.

"Please have our lien recorded in the amount of \$----- and the automobile titles in the following names ----- and then return the title to us.

"Sincerely

"Washington Telephone  
Federal Credit Union"

At the head of the letter are lines indicating "Date: ----, Re: ----, Motor #-----, and Serial #-----."

A similar letter is used when refinancing a loan the member holds with a bank or finance company:

"Gentlemen:

"We are enclosing our check #----- for \$-----, payment in full on the automobile account of -----

"When this check is received, we would appreciate your sending the title to us.

"Sincerely

"Washington Telephone  
Federal Credit Union"

Paying the dealer also is handled carefully, to avoid misunderstanding or misuse of the check. The credit union makes out the check to the dealer, and on the back of the check types this restrictive endorsement:

"Payment in full: (Description of auto and serial #)

"Endorsement constitutes acknowledgement of a lien in favor of the Washington Telephone Federal Credit Union and to be titled in the name (s) of: (names in full that should be on title)."

This credit union advises its members that a car should not necessarily be jointly titled. In almost any juris-



# Keeping Posted

## ON CUNA SERVICES



The CUNA program and services are planned on the basis of consultation between League officers and staff, national board and committee members and CUNA staff. The basic purpose of the CUNA program is to support, supplement and strengthen League programs. Most CUNA services are available through League offices; some are available directly.

### LEGAL AND LEGISLATIVE

Federal legislation of major importance to the entire credit union movement continues to be the primary area of concern and activity both for this department and for CUNA's Washington office. Final passage of proposed amendments to Federal Credit Union Act not expected before July 1. (Dave Weinberg, director).

### PUBLIC RELATIONS

For International Credit Union Day this year stress is on observance of the holiday by every credit union. Awards will go to the credit union, chapter and league which make the "most significant observance" of Credit Union Day on October 15. Full story on the winning credit union entry will be mailed to every credit union; on the winning chapter entry to every chapter and on the winning league entry to every league. (Warren Lutey, director).

### SPECIAL PROJECTS

MEMO to chapter officers interested in using the 5-session Blueprint for Progress program for 1959-60: Launch it on Credit Union Day. Prior to then, warm it up among your credit unions by taking a survey of their present status and of their potentials in members, share capital, possible loan volume and income. You'll be all set for a running start in the fall. (Kent Francis, director).

### EXECUTIVE

The executive offices of the Credit Union National Association are located in Madison, Wisconsin, and Hamilton, Ontario. Vance Austin is managing director, Orrin Shipe is assistant managing director and John Brady is comptroller, all in Madison. Bob Ingram is Canadian manager in Hamilton. The Washington office is under the direction of Hubert Rhodes.

### RESEARCH, ECONOMICS AND STATISTICS

Bert Levin has been appointed to the finance committee of the U.S. Chamber of Commerce. Also Dr. Levin has been appointed a member of the International Research Committee on Rural Credit Unions, a committee which developed from a conference sponsored by CUNA on rural credit needs. The committee will hold another meeting in Washington, D.C., in July. (Bert Levin, director).

### EDUCATION

CUNA School for Credit Union Personnel will be held at the University of Wisconsin July 12-24. Total enrollment of 250, first-year enrollment of 120 and a graduating class of forty-five are all records for the six-year-old school. The department also will take part in several schools and conferences sponsored by leagues. (John Bigger, director).

### ORGANIZATION

Coordination with U.S. government rural development program advanced in Mississippi... Special events held with Methodist and Lutheran church groups. (Bob Dolan, director).

diction, if a car is owned jointly by husband and wife, an accident may result in an attachment on the house which they own jointly. If the car is owned by one of them, then the jointly-owned house cannot be attached.

There are no advantages in financing a used car with other lenders; rates on used cars are higher everywhere. And since more than half the cars sold are used cars—and a higher percentage of used are financed than new—the used car field is highly important. In Washington, there are many two-car families, with husband and wife working, and probably most of these two-car combinations were both bought used.

On new cars, the advantages of financing with the credit union are great compared with some lenders, small compared with others. Washington has a lot of bucket shop finance companies that charge high rates and repossess in a minute. On the other hand there are banks in town that give excellent rates and decent treatment. Insurance is always extra, of course, through competitive lenders. The credit union gives the borrower a sense of security which many borrowers are willing to pay a little extra for.

The telephone company gives the credit union payroll deduction for savings and loan payments; however, it will make the same arrangement for any employee with any other reputable financial organization. In the Washington area, however, banks have not made much progress with in-plant savings and loan operations—credit union members seem to feel that the banks are cold.

The credit union is now housed in a new building which it opened last October and which stands about a block from the main company building. Downstairs are the tellers' counters and the bookkeeping department. Upstairs is the loan and counseling department. The decorations are excellent and the atmosphere is friendly. With eleven years behind it and 6,000 signed up out of 9,000 potential, there is plenty of room for growth ahead. "You ought to tell people," says Geiger, "that when we moved into our new building, it didn't result in any spurt in our growth. Everybody told us it would. Our growth just went on as usual."

This, judging by the charts, is good enough.





# 3 ways to reach every member every month!

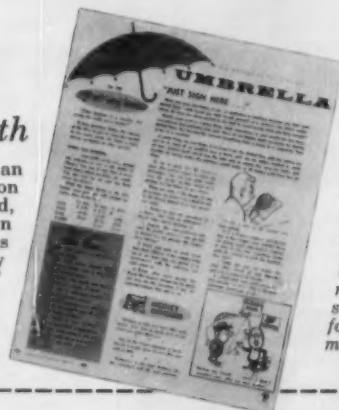
Keep your members informed and interested. Give them the facts they want—regularly. Put "Umbrella," "CU," and "Poster-A-Month" to work for your credit union. They're designed to help it grow.

## 1 the new "UMBRELLA"

...published every month

"Umbrella" is a brand new member education publication—an 8½ x 11" sheet, printed in two colors on one side and left blank on the other. Printed side features an attractive banner and easy-to-read, fact-filled credit union copy. Use the blank page for your own special letter or notice, for your own credit union newsletter, or as an insert in the publication you already have. Available now by subscription or on month-to-month order basis. (Note: "Umbrella" will be previewed each month on the reverse side of "Impact," now mailed to each credit union by CUNA Supply or your League.)

100-499 \$2C; 500-999 \$1.75C; 1000-9999 \$15M



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## 2 attention-getting "CU"

...published every month

"CU" brings a breezy cartoon message, printed in one color on one side of an 8½ x 11" sheet of mimeo stock. Encourages greater use of all credit union services, playing up seasonal interest and current needs. Use the space at the bottom of the message for your credit union imprint or brief postscript. The blank reverse side of the sheet is ready for your special message, announcement, newsletter—anything you want to publicize. A good stuffer for No. 10 envelopes, too. Available by subscription or on month-to-month order basis.

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## RECESSIONS

(Continued from page 13)

years show these comparisons:

April 1957: Assets \$100,296;  
shares \$91,431; loans \$93,113; mem-  
bers 830; borrowers 350.

April 1958: Assets \$108,753;  
shares \$101,277; loans \$101,206;  
members 834; borrowers 357.

April 1959: Assets \$150,642;  
shares \$138,855; loans \$139,766;  
members 863; borrowers 338.

The credit union withheld immediate pressure with borrowers laid off in early 1958. For some larger borrowers the credit union agreed to forego any payments, but stipulated that interest would accumulate. Some Alcoans found work with J. I. Case farm implement makers in Bettendorf, Iowa, and others took temporary jobs.

Collection problems cropped up, nevertheless, and the credit union hired a second part-time employee, a man, to handle collections. At mid-May he was still working on these accounts. Contact has been lost with two or three borrowers, but most of the others have paid in full. Extensions were written for some borrowers, and some who were laid off and have since returned have received new loans.

**Farmall Employees Credit Union, Rock Island;** Robert A. Kratt, treasurer-manager. This credit union went through two slowdowns in 1958, one a seven-week shutdown in the spring while the plant (International Harvester Company) changed its line of tractors, the other shutdown running from early November to January 1959, an eleven-week strike. The retooling change-over was not a complete shutdown, though, since between 400 and 500 men were kept at work.

Kratt made the observation that Farmall's men laid off couldn't find jobs elsewhere because they were virtually certain to return to Farmall. Vacations were common during the remodeling shutdown. Some went on unemployment relief and also received supplementary unemployment benefits from the company.

Interestingly, SUB benefits were one of the issues in the strike later in 1958. Also at issue was some question by the union whether the plant ought to observe an annual shutdown for vacations.

After the remodeling shutdown, the

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plant was not affected by the general recession because there was a demand for larger tractors, and Farmall had just added a six-cylinder tractor at its Rock Island plant. Since the remodeling shutdown was expected to be short and full employment seemed assured immediately after, the credit union made its usual types of loans, accumulated interest and started collections when the plant reopened.

The strike was another matter. Kratt said, "We try to be impartial during a strike and not appear to be

supporting either side. We will make emergency loans to keep a man from being evicted or from being jailed for failure to pay taxes. But we don't try to support a man's standard of living during a strike." Farmall members made numerous loan applications after the strike ended, mostly for refinancing and to pay bills accumulated during the strike.

Kratt said, "We like to say that we are able to grow in spite of labor trouble or a plant shutdown." His credit union figures bear him out:

March 31, 1958: Assets \$2,532,132; shares \$2,370,433; loans \$1,311,736; members 3024; borrowers 1518.

December 31, 1958: Assets \$2,860,326; shares \$2,600,944; loans \$1,581,916; members 3081; borrowers 1660.

Also during 1958 the credit union affiliated with the Illinois Credit Union League, joined the Credit Union Share Guaranty Corporation, hired an outside accounting firm to conduct an annual audit and increased its blanket bond coverage from \$200,000 to \$1,000,000.

**Case Rock Island Employees Credit Union, Rock Island;** Henry G. Brandt, treasurer. The biggest loan month in this credit union's history was April 1959. Loans extended in April totaled \$63,169, bringing the total outstanding to \$512,272. One year earlier, at the height of the national you-auto-buy campaign, the credit union had granted \$44,425 in loans and brought its April 1958 outstandings to \$411,380.

No labor trouble in the last thirteen years and no work reduction in the last three years is the story at this J. I. Case Company plant. In 1958 the plant had a particularly good year with introduction of a line of industrial tractors. While some parts of the country went through a recession, this plant was working overtime in its motor division and machine shop.

Four years ago there was a shutdown in the plant foundry. Some delinquents from that shutdown are still being cleaned up. The plant shuts down the first two weeks in August each year, and some cutbacks are common then for inventory and a seasonal slump.

At the end of April 1959 the credit union had shown almost a \$100,000 growth in shares, loans and total assets over a year previous. April 1959 figures were: assets \$591,062; shares \$551,600; loans \$512,272; members 1092; borrowers 595.

**John Deere Malleable Employees Credit Union, East Moline;** Clement Loete, treasurer-secretary. "We didn't know too much about the recession last year," says Loete, a dedicated part-time employee. He handles credit union window business starting at 6:40 a.m. each morning, more at lunch and after 3:45 p.m., then returns at night for book work.



Dear Credit Union Member:

When vacation time comes around, what does a sensible driver do?

1. On long trips, carry a thermos of coffee. It's a life saver.
2. Sun glasses will do a lot to make driving easier on glaring summer days. Get good ones — cheap ones may strain your eyes. Some people like to carry a good eye wash with them.
3. A pillow carried in the car may make it easier to take naps.
4. Check your first-aid kit for sunburn lotion, insect repellent and something to take care of poison ivy.
5. Have you got a flashing red signal light in case you have to change tires at night? Is your jack strong and reliable?
6. Auto accidents increase during the summer. Check your insurance. Have you got:

Property damage (up to \$10,000)

Bodily injury (at least \$25,000 - \$50,000)

Collision (\$100 deductible)

Comprehensive

Medical payments (don't overlook this valuable protection!)

Uninsured motorists

Labor and towing (this can be very handy)

7. For boating, camping or fishing, remember: it is cheaper to finance your equipment with a credit union loan than on the usual installment plan terms.

8. Don't wear yourself out. There's plenty of chance for that during the rest of the year!

#### CUNA AUTO INSURANCE PROGRAM



The credit union auto insurance program was established by mutual agreement between the Credit Union National Association and the Employers Mutual of Wisconsin, Wisconsin. Nearly 1,000 credit unions take part in this program. This wholesale bargaining approach to insurance is your best protection. You are insured by a top-rated company and doubly protected by the prestige and reputation of the organized credit union movement.



All of this in a \$700,000-plus credit union.

This plant makes malleable castings for the other Deere plants and is now going into nodular castings, a process which will double the plant's capacity. At mid-May the plant employed 720.

The labor contract expired July 31, 1958. "The boys were scared there would be a strike, so borrowing was down," Loete put it. Figures at the end of July were: shares \$563,364; loans \$418,271; members 653; borrowers 425. By the time the three-year contract was settled in October, month-end figures showed: shares \$586,765; loans \$409,033; members 684; borrowers 407.

By January 1959 the figures had picked up to this: shares \$640,438; loans \$423,616; members 739; borrowers 429. And by April 1959 the growth was this: shares \$671,109; loans \$493,762; members 830; borrowers 496.

"Last year was the biggest in Deere history and this year is already bigger," said Loete. He credited the credit union's introduction of life savings insurance, which started this year, with increasing savings, and he also said this had created more loans secured by shares.

**Oscar Mayer Employees Credit Union, Davenport;** Grover G. Miller, treasurer. "Last year was the most stable year in this plant since I came in 1952," said Miller. Full employment in this pork processing plant is 1400, and this figure has held almost rigid. The company transfers people between departments rather than laying them off. "This is good for the credit union," Miller added.

Bankruptcies weren't any higher than usual (two or three) last year and the credit union suffered substantial loss on only one. Delinquencies rose slightly during the year, from \$5076 at January 31, 1958 to \$6650 on December 31, 1958.

Employment stability at Oscar Mayer last year caused almost \$100,000 growth in shares from April to April but only \$23,000 growth in loans. In fact, Mayer's new loan business has been slowing down for several months. For the first four months of 1957 new money loaned totaled \$216,000. For 1958, first four months, the total was \$199,000. For 1959 the comparable figure was \$195,000. Total money loaned in 1957 was \$616,000. In 1958 it was \$579,000.

Figures for the last three years

show these comparisons:

April 1957: Assets \$587,904; shares \$466,472; loans \$506,622; members 1273; borrowers 650.

April 1958: Assets \$719,860; shares \$548,891; loans \$676,005; members 1329; borrowers 725.

April 1959: Assets \$758,168; shares \$646,995; loans \$699,135; members 1351; borrowers 712.

**Mississippi Valley Chapter Credit Union, Davenport;** Bob Sternberg, assistant treasurer. "The recession didn't affect us," Sternberg said, referring to his credit union


which is open to directors, officers, families relations and other credit unions. "We have an advantage because our members are officers of other credit unions. They are elected officers because they are popular or they have seniority, and they are probably the last ones that would be laid off."

Comparing April-end figures for the last three years, the reporter could see that this central credit union is enjoying steady growth.

April 1957: Assets \$700,821; shares \$597,511; loans \$555,403.

April 1958: Assets \$848,117;

# DISHONESTY LOSSES...



## how you can help prevent them

Dishonesty losses constitute about 80 percent of all credit union losses. They not only create hardship for the credit union, but cause poor public relations for the entire movement. It is important that you immediately remedy all conditions that might encourage defalcation. Check these points in your loss prevention program:

- Investigate carefully the qualifications and background of every prospective employee.
- Require every employee to take an annual vacation. This practice will make it difficult for him to cover up any manipulations.
- Exercise close control over dormant, closed, and charged-off accounts. They should be given special scrutiny by the supervisory committee.
- Remember that it's no reflection upon the character of any individual to carry adequate "dishonesty" coverage. It's just good business practice.

Your credit union can secure bond coverage with a maximum limit equal to the total assets of the credit union, not in excess of \$1,000,000 (or \$2,000,000 optional bond coverage if total assets are \$1,000,001 or more). Compare this with your present bonding protection, and request complete details now.

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shares \$758,198; loans \$698,690; members 915; borrowers 420.

April 1959: Assets \$1,027,765; shares \$943,689; loans \$776,915; members 936; borrowers 465.

\*\*\*

Conclusions are hard to reach from the survey of seven credit unions. One, obviously, is that the middle west farm area was pretty well insulated against the 1958 recession. Another, based on the two credit unions which had some definite recession experience, is that a well-run credit union can survive layoffs of large number of members or long periods of shutdowns or virtually anything short of total and permanent shutdown.

## IN THE MAIL

### Speaking of growth

To the Editor:

We have read with interest, the article in the February 1959 Credit Union Bridge on "Faster Growth" presented by Betty Thomas, manager, Sacramento Aerojet Federal Credit Union and also the article by Edwin A. Bornemann of the New York Times Employees Federal Credit Union printed in the May 1959 50th Anniversary Edition of the Credit Union Bridge and wish to present the following statistics as proof of the growth of the Fairchild Federal Credit Union.

We received our charter 5 October 1954 and have a potential membership of 7,500.

Dec. 31	Members	Assets
1954	657	\$ 39,177.04
1955	1,581	221,691.86
1956	2,731	505,698.27
1957	4,271	1,049,938.74
1958	5,894	1,846,641.64

We extend our congratulations to Betty Thomas and Edwin A. Bornemann and wish them continued growth in the future.

Dominic Allessio, Manager  
Fairchild (Wash.) Federal Credit Union

### Another one

To the Editor:

We would like to contribute our "growth" figures as a military credit union for those who may wish to compare them with other groups. Our credit union was chartered on 29

April 1955 and we have set a potential of 7000 members.

Year	Members	Assets
1955	695	\$ 87,888.00
1956	1,565	227,207.00
1957	2,047	561,691.00
1958	4,540	896,969.00
1959 (April)	4,913	1,086,238.00

H. F. Faye, treasurer  
Ellsworth (S.D.) AFB Federal Credit Union

### Still another

To the Editor:

When size or growth is mentioned, it is only natural to expect that someone in Texas will get into the act sooner or later. Our credit union was organized in November, 1953, to serve the employees of Texas Instruments Incorporated. Here is our growth pattern:

Dec. 31	Members	Assets
1953	267	\$ 6,886
1954	653	74,787
1955	943	190,839
1956	1,519	367,083
1957	2,432	639,546
1958	3,666	1,356,804

Our potential membership in November, 1953 was 1500; at present it is 8000; by 1965 it should be 20,000. Hence, you may expect to hear from us again.

Elton C. Smith  
Texins Credit Union

### And yet one more

To the Editor:

Speaking of fast growth, perhaps our credit union may point with some pride to having achieved almost three million in assets after nine full years of operation. But, in the same period we attained a membership of 4,768, representing some 80 percent of our potential.

Yet, we would much rather stake our claim to fame, if any, on making \$7½ million in loans to members while declining few applications, paying a 5% dividend every year, holding \$85,000 in reserves and offering every kind of service and type of safeguard we have ever heard about.

While we who have enjoyed fast growth may feel fine about it, let us not forget that service and security are our business and rank ahead of rate of growth and greatness in physical assets.

We earnestly believe that any credit union can grow fast and become great in service to its members.

These are the statistics on active

members and total assets of our credit union from the first full year of its operation through the end of 1958:

End of Year	Members	Assets
1950	273	\$ 23,824.46
1951	301	41,635.83
1952	460	106,027.91
1953	1,010	384,673.25
1954	1,766	715,920.86
1955	2,473	975,188.71
1956	3,254	1,331,393.85
1957	3,615	2,155,614.38
1958	4,768	2,927,926.11

Hampton Burkhalter, Managing Director

U.S. Courthouse Credit Union  
(Tenn.).

## Coming Events

August 10-15—CUNA and Affiliates quarterly meetings, Loraine Hotel, Madison, Wisconsin. August 13, 10:00 A.M., joint meeting. August 14, 10:00 A.M., CUNA Mutual Board; 2:00 P.M., CUNA Supply Board. August 15, 9:00 A.M., CUNA Executive Committee.

September 17-19—Florida Credit Union League annual meeting, Hotel Robert Meyer, Jacksonville.

October 2-3—Indiana Credit Union League annual meeting, Claypool Hotel, Indianapolis.

October 9-10—Wisconsin Credit Union League annual meeting, Hotel Northland, Green Bay.

October 15-16—Fiji Credit Union League annual meeting, Village of Galoa, Serua.

November 19-22—California Credit Union League annual meeting, San Diego.

March 4-5—North Dakota Credit Union League annual meeting, Memorial Building, Jamestown.

April 9—Vermont Credit Union League annual meeting.

April 21-23—Pennsylvania Credit Union League annual meeting, Sheraton Hotel, Philadelphia.

## CLASSIFIED

**Position wanted.** Credit union manager, six years experience in credit union management, both cash and payroll deduction methods. Anywhere in United States. Write Box A38, Credit Union Bridge, Madison, Wis.

**Position open:** For membership relations specialist, must be man with thorough knowledge of credit unions, education and promotion. Must locate in Washington, D.C. Salary open, based on ability. Write W. W. Vreeland, Treasurer, Washington Telephone Federal Credit Union, 941 Eye Street NW, Washington 1, D.C.

**Finance Counselor and loan interviewer wanted:** For large industrial credit union middle west. Credit union experience preferred but not essential. Enclose photo, state qualifications and salary desired. All applications held strictly confidential. Write Box A56, Credit Union Bridge, Madison, Wisconsin.

**Experienced manager:** Desires job as manager, field man or other related position. Three years experience, college graduate, thirty-seven, willing to relocate. Adept at promotion, public relations, accounting. Write Box A57, Credit Union Bridge, Madison, Wis.

The Credit Union Bridge



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trial balances, computing dividends—all these tasks were taken over by the Sensimatic. Now our figures are up to date every day and, as a result, we turn out monthly operating reports in one day instead of three."

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A Burroughs Systems counselor can put the very same advantages at *your* disposal. All it takes is a phone call to our nearby branch and an appointment for a demonstration. Or write Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.

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